



Office of Employer and Member Health Services
P.O. Box 942714
Sacramento, CA 94229-2714
(888) CalPERS (225-7377)
TDD - (916) 795-3240
FAX (916) 795-1277)

November 15, 2005

AGENDA ITEM 5

TO: THE MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** Status of Contracting Agency Enrollment and Marketing Efforts
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS**

Background

In May 2003, the CalPERS Board of Administration adopted the Strategic Plan for Health with the goals to lower premium costs, improve stability, provide meaningful choice and ensure accessibility to high quality, effective care to the Public Employees Hospital and Medical Care Act (PEHMCA) program. One of the key initiatives to attain these goals is to attract and retain contracting agencies in the CalPERS Health Benefits Program.

The Public Agency and Schools Program Marketing Unit is dedicated to the efforts involved in attracting new and retaining contracting agencies throughout California to the PEHMCA program. These efforts include, but are not limited to:

- Meeting with public employers, labor organizations, associations and retiree groups throughout the state;
- Designing marketing and retention presentations and materials for the above audiences;
- Coordinating and participating in statewide conferences, workshops, and meetings with contracting agencies and constituent groups;
- Participating in the annual CalPERS Benefits and Resources Fairs held throughout California;
- Participating in contracting agency open enrollment fairs;

- Preparing CalPERS Health Benefit Program articles for various newsletters (California Special Districts Association (CSDA), CalPERS Employer News, Perspectives, etc).

Contracting Agency Participation and Termination

As a direct result of our efforts during the year, we were able to contract with 17 new agencies for health coverage during the 2005 calendar year representing approximately 2,234 total covered lives (TCLs). Twelve of these agencies are in Northern California and five are in Southern California. Please see attachment 1 for detailed information.

Conversely, 21 agencies terminated their participation in the CalPERS Health Program effective January 1, 2006. Nineteen of these agencies are located in Northern California and two in Southern California. The loss of these agencies represents 5,358 TCLs for a total net loss of 3,124 TCLs. These departing agencies cited a variety of reasons for leaving, including premium cost, retiree cost, access to providers, and benefit flexibility.

In comparison, we withstood a net loss of 31,894 TCLs in 2003 and a net loss of 4,370 TCLs in 2004 (Attachments 2 and 3). Attachment 4 provides a comparative summary over the past three years of new and terminated agency activity and TCL net gain/loss.

Future Marketing Efforts

For future and continued outreach to promote the growth of the CalPERS Health Benefits Program, the Marketing Unit is focusing on the following avenues to increase Program visibility:

- Mailings and phone calls to agencies that terminated their participation in the CalPERS Health Program and are now eligible to re-enter the Program;
- Mailing our marketing brochure to over 6,000 public agencies that do not currently participate in our Program to explain the unique advantages to participation;
- Mailing our retention brochure to the Program's current 1,150 participating agencies reminding them of the benefits of Program participation;
- Continue on-site account management visits to current participating agencies.

We will continue to promote the Program's visibility by working with the Public Affairs Office to develop radio, television and print promotional media. Other options could include billboard advertising and staffing a CalPERS Health

Program booth at the California State Fair or other various community and statewide events.

In addition to increasing our visibility, it is critical that CalPERS conduct marketing research that focuses not only on the current market of contracting agencies, but also identifies our Program competitors and their industry offerings. This research should also identify barriers created by PEHMCA that prevent expansion of its health benefits program, and include recommendations to address them.

Staff submitted a Budget Change Proposal (BCP) to the Department of Finance (DOF) for the FY 2006-07 requesting funding for marketing staff and a consultant to assist us in developing a focused, yet comprehensive marketing plan for our program. We recently learned the proposal was denied by DOF and we are developing the appeal.

V. STRATEGIC PLAN

This item supports Strategic Plan Goal III and is part of the regular and ongoing workload of the Public Agency and Schools Health Benefit Services Division.

Goal III: Design, develop, and administer benefit programs and business processes that are innovative, effective, efficient, and valued by our members, employers, and stakeholders.

VI. RESULTS/COST

There is no cost associated with this item.

Holly A. Fong, Chief
Office of Employer and Member Health Services

Terri Westbrook
Assistant Executive Officer
Health Benefit Branch

Attachments